

FISCAL IMPACT STATEMENT ON BILL NO. **H.3157**

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TO:	The Honorable Harry F. Cato, Chairman, House Labor, Commerce and Industry Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	R.J. Stein		
DATE:	January 31, 2005	SBD:	2005187

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AUTHOR:	Representative Harrell	PRIMARY CODE CITE:	33-37-1010
SUBJECT:	Capital Access Program for Small Businesses		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

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**BILL SUMMARY:**

House Bill 3157 amends Title 33, Chapter 37 of the Code of Laws of South Carolina, 1976, relating to Business Development Corporations by adding Article 10 (Sections 33-37-1010 to -1100) that creates a capital access program (CAP). This program is to be funded by an initial appropriation by the General Assembly of at least \$2.5 million and any additional appropriations the Legislature may make in the future. The purpose of the CAP is to provide a loan loss reserve to assist participating financial institutions making loans to small businesses located in South Carolina that find it difficult to obtain regular bank financing. Sections 2 and 3 of the bill amend Sections 33-37-460(2) and (3) and Section 33-37-465 of the SC Code which is necessary to ensure that the legal structure and the lending practices of this Business Development Corporation conform to the requirements for all Business Development Corporations established in this state.

**EXPLANATION OF IMPACT:**

Implementation of this Bill would have a fiscal impact on the General Fund of the State of at least \$2.5 million in the first year. Section 33-37-1020 states that this minimum initial appropriation and any funds from later appropriations are to be deposited in the CAP state fund account. The Department of Commerce indicates that the cost of setting up the Business Development Corporation and the CAP would be minimal and could be absorbed within existing resources.

**LOCAL GOVERNMENT IMPACT:**

None.

**SPECIAL NOTES:**

None.

Approved by:



Don Addy  
Assistant Director, Office of State Budget